A common category key is stored within the Dectec descrambler and used to decode the video and audio signal encrypted according to the VideoCipher II format. The common category key is a 44-digit number that was used to encode the video and audio signal prior to broadcast. This 44-digit number is the same for all descramblers receiving the encrypted data. The common category key may change each billing cycle, usually once a month. The Dectec descrambler is able to receive, either by keyboard input or broadcast, a common category key. The common category key will be provided to the Dectec descrambler by Dectec in unencrypted form. Alternatively, the common category key may be transmitted by Dectec in encrypted form and all paid-up subscribers are permitted to decode it. The encrypted form of the common category key generated by Dectec is not similar to the encrypted form of the same category key as transmitted by the VideoCipher II standard. When the common category key is decoded according to a Dectec decoding algorithm, a unique subscriber key is not required to decode the common category key because it was encrypted by a different standard than the VideoCipher II standard.

A unique subscriber key is not used to decode the common category key because it is either provided in unencrypted form to the Dectec descrambler or in an encoded form that does not require a unique subscriber key for decoding. The Dectec descrambler does not contain a memory location storing a key seed and does not use a subscriber key signal that is unique to each descrambler. Further, subscriber key seeds are not used for generating a subscriber key, because a subscriber key is not necessary in a Dectec descrambler.

Dectec will transmit channel masking information to each individual Dectec descrambler to enable each descrambler to decode only those channels for which subscriptions have been paid. The channel mask and descrambler authorizations are transmitted based on a Dectec proprietary system that is not similar to the VideoCipher II authorization system.

The Dectec descramblers use an error compensation method similar to that described in U.S. Patent No. 4,306,305, to Doi et al. The Dectec descramblers do not repeat the last valid sample when double errors are detected in the scrambled signal sample.

When decoding the scrambled signal, the Dectec decoder does not expand the compressed digital signal sample into a different digital signal sample which is then applied to a digital to analog converter. Rather, in the Dectec decoder, the compressed

digital signal is applied directly to a digital to analog converter to generate an analog audio signal sample. The digital to analog converter uses a companding DAC similar in function and operation to the companding DAC described by Kaneko in an article titled "A Unified Formulation of Segment Companding Loss in Synthesis of Codecs and Digital Companders," published in the September 1970, *Bell System's Technical Journal*, and providing an example of such a decoder in Figure 10. Suitable circuits for performing the direct conversion from compressed digital to analog include a multiplexing DAC such as the National DACD808, followed by a sample and hold for left and right channels, or a linear DAC followed by an analog compandor such as the Signetics NE570. The linear DAC receives the compressed signal as if it is a single binary number and treats the exponents as the most significant bits, followed by the Mantissa bits.

We have reviewed the '901, '808 and '456 patents and their claims and compared the proposed Dectec descrambler as described above to the claims. We have also studied the file wrappers and relevant prior art cited against these patents. Our opinion is based on the above description of the Dectec descrambler, the prior art, and file wrappers of the relevant patents. As explained below, it is our opinion that the proposed Dectec International S.U.N. descrambling system does not infringe any claim of the '901 patent, the '808 patent, and the '456 patent, either literally or under the doctrine of equivalents.

The '901 patent contains 26 claims. Claims 1-8, 16-22, and 26 are directed towards a scrambler and a plurality of descramblers. Because Dectec does not, at this time, perform scrambling of the signal, these claims are not infringed. The remaining claims, claims 9-15 and 23-25, each contain the limitation of "means in each descrambler for providing a subscriber key signal that is unique to said descrambler" or similar language. These claims also require that this unique subscriber key signal be keyed to descramble a common category key signal. The Dectec descrambler does not have means for providing a unique key for each descrambler and does not require such unique key to descramble a common category key. Therefore, no claims of the '901 patent are infringed, either literally or under the doctrine of equivalents by the Dectec descramblers.

The '808 patent contains 24 claims. Each of the claims contain the limitation to "a subscriber key generator for reproducing said unique subscriber key signal by processing the subscriber key generation signal in accordance with a predetermined encryption algorithm, upon said algorithm being keyed by a preselected subscriber key seed signal that is unique to the descrambler." The claims also contain the limitation to "a first

memory storing the prescribed subscriber key seed signal, and for providing the prescribed seed signal to key the algorithm when the area of the memory containing the prescribed seed signal is accessed by the address received with the received key generation number". The Dectec descrambler does not have a unique subscriber key signal, as previously discussed. Further, the Dectec descrambler does not use a subscriber key generator which is keyed by a key seed signal that is unique to the descrambler for producing such a unique subscriber key signal. Further, there is no prescribed seed signal stored in any memory in the Dectec descrambler. The Dectec descrambler thus does not contain many limitations of the claims of the '808 patent and does not infringe either literally or under the doctrine of equivalents.

The '456 patent contains 24 claims. Claims 1-12 relate to a system for scrambling an audio signal. Dectec does not, at present, scramble an audio signal and does not infringe any of these claims.

Claims 13-20 are directed towards a system for descrambling a scrambled audio signal and performing specific error correction on the scrambled signal. Specifically, claim 13 contains the limitation of "repeating the last previous error-free signal sample to compensate for said detected double error, and/or for said further detected error" when double errors are detected in the combination of the sign, the exponent bits and the code bits. The Dectec descrambler does not include a means for repeating the last previous error-free signal sample. Rather, the Dectec descrambler follows the prior art technique of Doi et al. of providing an average of the previous signals under certain error conditions. Claims 14-20 all depend from claim 13 and thus contain the same critical limitations not present in the Dectec descrambler.

Claims 21-24 are directed towards a system for descrambling a scrambled audio signal. Each of these claims contains the limitation of "means for expanding each compressed signal sample into a digital sample that can be converted into the analog audio signal by a digital to analog conversion". The Dectec descrambler does not contain a means for expanding the compressed signal sample into a digital signal sample. As taught in the '456 patent, a digital to digital expansion occurs by expanding an 11-bit binary number to a 15-bit binary number. The expansion specified in claim 21 is an expansion from the compressed digital signal sample into another digital signal sample. Each of the claims contains the further limitation of "means for converting the digital signal sample to

the analog audio signal. The digital to analog converting means is specified as a separate element from the expanding means. The digital to analog conversion is specified as occurring on the expanded digital signal sample".

The Dectec descrambler does not contain the limitation of "means for expanding each compressed signal sample into a digital signal sample" as called for in claims 21-24 of the '456 patent. Instead, the Dectec descrambler directly converts the compressed digital signal sample into an analog output. The analog output may be used directly or, filtered and companded as described above to provide the analog audio signal. In each embodiment, there is not a digital to digital expansion taking place. Rather, there is a conversion from the compressed digital sample directly to an analog signal. Therefore, the limitations of claims 21-24 are not found, either literally or under the doctrine of equivalents in the Dectec descramblers.

Our law firm, Seed and Berry, specializes in patents, trademarks, copyrights and related litigation and I am a patent attorney registered to practice before the United States Patent and Trademark Office.

Very truly yours,

SEED and BERRY

Edward W. Bulchis

Edward W. Bulchis

EWB:rx

EWBLTR2/2550-1/V4

D

PRIME TIME 24

342 Madison Avenue Suite 1520 New York, NY 10173
(212) 599-4440 Fax: (212) 599-2402

November 15, 1991

John Grayson, CEO
DECTEC International Inc.
PO Box 2275
1962 Mills Rd.
Sidney, British Columbia Canada V8L3S8

Dear Mr. Grayson:

Ann Kirschner has forwarded your letter of 10/14 to my office.

PrimeTime 24 has never contacted your organization expressing interest in your Secure Universal Norm system. Your reference to the contrary is in error and very confusing to our company.

I am concerned about your mention of a test you will be performing using PrimeTime 24 programming. Our agreements with distributors require PrimeTime 24's approval of the scrambling/descrambling system to be used. In addition, our agreements with distributors allow them to sell to end users, or to dealers to sell to end users. Selling our programming for purposes of a test would require our approval, which has not been granted.

Dectec International Inc. is not authorized to use PrimeTime 24 programming for test purposes. Any distributor of PrimeTime 24's who provides you with programming for this purpose will have violated their distribution contract with us.

We have received your separate request from Karen JP Howes for a programming distribution contract making Quantum Marketing International a wireless distributor of PrimeTime 24's channels. In your request, you propose to use the Secure Universal Norm system of scrambling/descrambling in your distribution of PrimeTime 24. Such a scrambling/descrambling system is not acceptable to us. We require a scrambling/descrambling system which allows for the individual authorization and deauthorization of viewing households by PrimeTime 24, a feature which your system does not offer.

If, in the future, you plan to use a scrambling/descrambling system which does contain this important feature, please contact us. We will then review your request under our then-current procedures and requirements for distribution authorization.

Thank you for your interest in PrimeTime 24.

Sincerely

Janet L. Foster
President

cc: Karen Tardy, Primetime 24
Karen JP Howes, Scientific InRoads

ESPN, INC.
605 THIRD AVENUE
NEW YORK, NY 10158-0180
(212) 916-9200

MADELINE E. BERGER
MANAGER, SPECIAL MARKETS
AFFILIATE MARKETING
(212) 916-9227

November 9, 1990

Via Federal Express

Mr. John Grayson
ECTEC International, Inc.
1962 Mills Road
Sidney, British Columbia
V8L 3S8, Canada

Dear Mr. Grayson:

This is in response to your letter of November 7, 1990 addressed to Roger Williams concerning the SUN decoder.

Please be advised that you are not authorized to distribute the ESPN service or to provide the means of receiving the ESPN service by any viewers in any location. You will not be so authorized until such time, if ever, that you or your company enters into a written agreement with ESPN which provides such rights. Your dealing with the ESPN service without authorization will cause us to pursue all legal remedies to stop such practice and obtain what ever damages may be appropriate.

If you have any further question about our position on this matter, please contact us.

Very truly yours,

Madeline E. Berger

Madeline E. Berger

cc: R. Williams

DECTEC INTERNATIONAL INC.

P.O. BOX 2275, 1962 MILLS ROAD, SIDNEY, BRITISH COLUMBIA, CANADA V8L 3S8
PHONE: (604) 655-4463 FAX: (604) 655-3906

October 14, 1991

Mr. Roger Williams
ESPN
605 Third Avenue
New York, NY 13221

Dear Mr. Williams,

We sincerely appreciate your interest in our Secure Universal Norm system and we continue to welcome any questions or comments you may have about our smart-card based wireless system.

As indicated in previous correspondence, we are aware of the sensitive environment we all must cope with and we grasp to some extent the leverage that our competitor wields over the DTH business, and in particular, programmers like yourself.

Since our first announcement of the S.U.N. system, we have been aware of the difficulties involved in introducing competition into a market under the control of a monopoly. We have anticipated disinformation campaigns, lawsuits, and slander. We would like therefore the opportunity to maintain direct communications with ESPN. If you should have any questions or concerns regarding anything involving DECTEC or the S.U.N. system, you are welcome to telephone me personally on my direct line at (604) 655-5052.

We remain focused in our intent to provide programmers like ESPN with another revenue stream through which you may economically reach a growing subscriber base. In this regard we look forward to providing you with an increasing number of DTH, MMDS, Cable, and SMATV customers. We await a contract from you which will enable us to sell ESPN through our distribution system. As you may be aware, our business will not be successful without the ability to offer our marketbase the programming that is currently available through our competitors' systems. As we anxiously await the development of a mutually beneficial arrangement between our companies, we will be selecting a handful of test sites within which we will conduct both marketing and technical tests. For this purpose, we will purchase ESPN programming from authorized distributors and operators. During this time we will provide you with our proprietary test results including numbers of units distributed in a given region and numbers of subscribers signed on to your service.

We anticipate a positive response from our prelaunch tests. I invite your input. And again, we anxiously await a programming distribution contract as a wireless distributor.

Sincerely,

John Grayson, CEO
DECTEC International Inc.

cc: Madeline Berger

prog_int.ebg

ESPN, INC.
605 THIRD AVENUE
NEW YORK, NY 10158-0180
(212) 916-9200

MADELINE E. BERGER
MANAGER, SPECIAL MARKETS
AFFILIATE MARKETING
(212) 916-9227

Via Overnight Courier

December 6, 1991

Mr. John Grayson
Chief Executive Officer
DECTEC International, Inc.
1962 Mills Road
Sidney, British Columbia
Canada V8L 358

Dear Mr. Grayson:

I have been asked to respond to your letter in which you indicate you are awaiting a contract from ESPN to allow you to sell ESPN through your distribution system. We have never indicated that an agreement is forthcoming and currently have no plan to forward an agreement.

From your letter we gather you are planning to become involved with several forms of distribution of programming services. In your letter, you state that you will purchase ESPN programming from authorized distributors and operators. ESPN has no distributor which would be authorized to sub-license our programming to another distribution company.

As stated in my November 9, 1990 letter to you, ESPN advises you that you are not authorized to distribute the ESPN Service or to provide the means of receiving the ESPN service by any viewers in any location. You will not be so authorized until such time, if ever, that you or your company enters into a written agreement with ESPN which provides such rights. Your plans to proceed first with marketing and technical tests does not affect our position.

Sincerely,

Madeline E. Berger

Madeline E. Berger

cc: A. Wieder

ESPN, INC.
ESPN PLAZA
BRISTOL, CT 06010-7454
(203) 585-2000

ERIC L. KEMMLER
VICE PRESIDENT AND
ASSOCIATE GENERAL COUNSEL
(203) 585-2580
(203) 585-2423 FAX

VIA FACSIMILE TRANMISSION

December 23, 1991

Mr. John Grayson
Chief Executive Officer
DECTEC International, Inc.
1962 Mills Road
Sidney, British Columbia
Canada V8L 358

Dear Mr. Grayson:

Your December 19 letter to Madeline Berger has been referred to me for response. My purpose in responding is to elaborate on certain points of Ms. Berger's letter which you may have misconstrued and to bring to your attention a further, supervening concern.

At no time did Ms. Berger state or imply that ESPN objected to Dectec's sale of any legal device to any person for any legal purpose.

Ms. Berger, however, did attempt to make it clear to you that ESPN is not interested in testing the effectiveness of your descrambling devices at this time and that any testing of them by you using ESPN's copyrighted programming and proprietary transmissions is prohibited. No distributor authorized by ESPN to license the reception of its programming has the right to permit such testing by any person and such a commercial use certainly would be illegal without ESPN's consent.

ESPN has practical business reasons for not engaging in such an experiment at this time. In addition, we have no interest in doing so as long as the Feature Film Services patent infringement litigation is pending. If you are not already aware, this case alleges that the GI VideoCipher II encryption system infringes certain U.S. and Canadian patents. The allegations in the case are so broad that any system similar to or compatible with VideoCipher would fall within them. Consequently, we intentionally will not become involved with any such systems in any way while this litigation is pending. If the litigation is eventually ended adversely to the plaintiff, we would also have to be utterly satisfied that any compatible decryption device does not infringe any GI or any other patents.

Thank you for your kind attention.

Very truly yours,

Eric L. Kemmler
Vice President and
Associate General Counsel

cc: Madeline Berger
Daniel Burke
Steven Bornstein
E. Roger Williams

DECTEC INTERNATIONAL INC.

P.O. BOX 2275, 1962 MILLS ROAD, SIDNEY, BRITISH COLUMBIA, CANADA V8L 3S8
PHONE: (604) 655-4463 FAX: (604) 655-3906

September 13, 1991

Mr. Eisner
The Disney Channel
3800 West Alameda
Burbank, CA 91505

Dear Mr. Eisner,

We are interested in speaking with you regarding an alternative distribution technology which would provide The Disney Channel with at least 30,000 new subscribers each month for the next 2-3 years. In addition, our technology can also convert the existing 2 million nonpaying TRVO market base viewers into paying subscribers.

DECTEC can achieve the latter by providing a free multiformat, open architecture descrambling unit to each consumer which is backward compatible and significantly more secure than the heavily pirated Videocipher II system.

DECTEC's S.U.N. technology also paves the way for DBS by enabling programmers and others to control and operate a nationwide wireless subscription television service without going through the centralized and expensive DBS Authorization Center.

We'd like to discuss a VCII exchange program which will provide Disney with a minimum $82 million in new subscription revenue over the next 18 months. We are also interested in offering Disney in a package of services sold to stationary small dishes in a medium-powered direct-to-home subscription service network.

In the interest of furthering this discussion, we will follow-up with a telephone call in the next 2 weeks. In the interim, if you have any questions or comments please do not hesitate to telephone.

With kind regards,

John Grayson
CEO, DECTEC International Inc.

ENTERED OCT 1 8 1991

The Disney Channel

Mark Handler
Senior Vice President
Sales & Affiliate Marketing

October 17, 1991

Karen JP Howes
Scientific InRoads
8825 Roswell Rd., Suite 482
Atlanta, GA 30350

Dear Ms. Howes:

I would like to follow-up on our recent phone conversation and the various correspondence from you and John Grayson to The Disney Channel regarding DECTEC International, the S.U.N. decoder, and Quantum International (your letters of October 11, 1991 to me, September 27, 1991 to Pat Wilson, and John Grayson's letter of September 13, 1991 to Michael Eisner).

Regarding your request for an affiliation agreement, The Disney Channel is available for distribution to C-Band TVRO consumers in the United States for private, non-commercial use. The Disney Channel is not available in either Latin America or Canada.

Our signal is encrypted using General Instrument's VCII technology, and all decoders with legitimate Disney Channel subscriptions are authorized by TDC or its affiliates via General Instrument's DBS Authorization Center. At this time, we are not prepared to enter into any affiliation agreements which involve the use of alternative authorization technology for C-Band TVRO consumers. Therefore, based on my understanding of your proposal and the technology you intend to use for subscriber authorization and deauthorization, we are unable to enter into any agreements with either DECTEC or Quantum International at this time.

Thank you for your interest in The Disney Channel.

Sincerely,

cc: John F. Cooke
John Grayson, DECTEC
Diana Ritchie
Maureen Whalen, Esq.

MH/pam

3800 W. Alameda Avenue / Burbank, California 91505 / 818-569-7707 / Fax 818-566-1518

DECTEC INTERNATIONAL INC.

P. O. BOX 2275, 1962 MILLS ROAD, SIDNEY, BRITISH COLUMBIA, CANADA V8L 3S8
PHONE: (604) 655-4463 FAX: (604) 655-3906

Karen Howes, Corporate Planning
8825 Roswell Road, Suite 482
Atlanta, Georgia 30350 U.S.A.
Phone: (404)998-2749 Fax: 998-6106

31 October 1991

Mark Handler
The Disney Channel
3800 West Alameda
Burbank, CA. 91505

Dear Mr. Handler,

I am in receipt of your letter dated October 17, 1991 and would like to follow-up so that DECTEC may proceed in accordance with your recommendations. It is my understanding that The Disney Channel uses General Instrument's VCII technology and Disney also uses General Instrument's DBS Authorization Center in order to activate descramblers. If I understand your letter, at this time, The Disney Channel is not foreclosing use of alternative descramblers but has decided that it will not provide The Disney Channel service to subscription television customers who purchase the channel from distributors who use a non-GI operated authorization facility.

As stated previously, DECTEC had hoped to use a competing subscription authorization center in order to take advantage of technological advancements designed to increase security, decrease costs, and maximize data throughput. DECTEC's use of an alternative and competitive authorization center would not have caused The Disney Channel to incur any costs whatsoever or implement any changes to present systems. As with any subscriber management system used by other wireless or cable affiliates, DECTEC had proposed a turnkey wireless network which would have operated independent of Disney's own TVRO business.

However, and as we discussed, DECTEC's S.U.N. system can also work through GI's DBS Authorization Center, assuming we an obtain access to it, if that is what programmers require. While it is technically possible to authorize S.U.N. decoders through our competitor's Center, DECTEC would prefer to operate its business independent of GI.

We look forward to a time when The Disney Channel will fully comprehend the invaluable opportunity DECTEC's new technology represents as a means to gain substantial increases in

subscription revenue while placing yourselves in a position of increasing control over present and future DBS enterprises. The S.U.N. technology not only offers the consumer a choice of end-use equipment, but it also offers distributors, cable operators, and programmers an authorization facility which is more secure and less costly than the present system. In the interim, DECTEC would like to explore the possibility of providing The Disney Channel to subscribers in the United States through third party packagers who use GI's DBS Authorization Center.

While your distributors keep their own records of all subscription transactions, DECTEC will also track its decoder sales and programming subscriptions. At your request, we will provide you with subscription reports on a regular basis.

We appreciate your suggestions and look forward to continuing discussions so that we may provide The Disney Channel to an increasing number of subscribers and offer the American television viewer the high level of technology and customer service that has been lacking in the subscription television business and of which Congress is showing great interest and concern.

Thank you for your interest, and we look forward to any comments you may have as DECTEC moves ahead with its independent wireless network. As always, I remain

Very Truly Yours,

Karen JP Howes

cc: Michael Eisner
John F. Cooke,
Diana Ritchie
Maureen Whalen, Esq.
Vince Roberts
John Grayson, CEO DECTEC

The Disney Channel

Mark Handler
Senior Vice President
Sales & Affiliate Marketing

November 27, 1991

Karen JP Howes
DECTEC
8825 Roswell Rd., Suite 482
Atlanta, GA 30350

Dear Ms. Howes:

In response to your letter of October 31, 1991, we are not prepared to make any decisions to use an alternative authorization technology for C-Band TVRO consumers.

Regarding your interest in providing The Disney Channel to subscribers in the United States through third party packagers, The Disney Channel has a strict policy that prohibits our affiliates from sub-distributing The Disney Channel. Therefore, it is not currently possible for you to provide our service to any consumers.

While we appreciate that DECTEC is interested in developing a business in the United States, we do not see any current business opportunity for The Disney Channel. Therefore, we are not interested in pursuing further discussions with DECTEC at this time.

Thank you for your interest in The Disney Channel.

Sincerely,

cc: John F. Cooke
John Grayson, DECTEC
Diana Ritchie
Maureen Whalen, Esq.

MH/pam

3800 W. Alameda Avenue / Burbank, California 91505 / 818-569-7707 / Fax 818-566-1518

file

Scientific InRoads

8825 Roswell Rd., suite 482
Atlanta, Georgia 30350

Tele: (404)998-2749
Fax: (404)998-6106

December 18, 1991

Mr. Mark Handler
Sr VP Sales & Affiliate Marketing
3800 W. Alamadea Avenue
Burbank, CA 91505

via fax & mail

Dear Mr. Handler:

I received your letter of November 27, 1991. First, I would like to again state that, my client, Dectec International Inc., has no intentions of providing the Disney Channel to S.U.N. users without the proper authority. As well, since Dectec is a research and development firm specializing in the design of broadcast and microwave technologies, Dectec has no intrinsic desire to operate a backoffice ordering facility. Dectec's interest has been in determining the authorization criteria and preferences of programmers to facilitate development of authorization software in line with programmer's needs. Dectec does not intend to become involved in the arrangements made between The Disney Channel and 3rd party packagers or affiliates.

Still, I would like to clarify that while your letter states that Dectec may not be able to provide The Disney Channel through affiliates who are restricted from sub-distributing, the Disney Channel is not specifically excluding Dectec and alternative descramblers from the marketplace.

I appreciate your response to the correspondence I have sent on behalf of Dectec, and I personally wish you the best in all of your endeavors to extend the reach of quality programming throughout the world.

With warm regards,

Karen

Karen Howes

cc: John Grayson
Michael Eisner
John F. Cooke
Diana Ritchie
Maureen Whalen, Esq.

This went out.

ebg/dis.resp

E

DECTEC INTERNATIONAL INC.

P.O. BOX 2275, 1962 MILLS ROAD, SIDNEY, BRITISH COLUMBIA, CANADA V8L 3S8
PHONE: (604) 655-4463 FAX: (604) 655-3906

13 November 1991

Jim Bunker
President
General Instrument
6262 Lusk Boulevard
San Diego, CA 92121

Dear Mr Bunker,

As you may be aware, DECTEC has designed a descrambler for the home satellite marketplace which is compatible with the Videocipher II de facto standard. Our Secure Universal Norm product functions without the use of VCII seed keys and it may be authorized through an independent DBS facility. However, we have been informed by several programmers that while they welcome alternative descramblers in the TVRO market, they would prefer to run their TVRO authorization operations through your DBS Center.

We would like to discuss with you how you feel this may best be accomplished. For instance, you could provide us with a block of numbers which would be recognized by the DBS Center. Or conversely the DBS Center could recognize S.U.N. unit ID numbers.

I look forward to your reply, and remain,

Sincerely,

John Grayson

jph/gn.d

GENERAL INSTRUMENT

VIDEOCIPHER Division
General Instrument Corporation
6262 Lusk Boulevard
San Diego, CA 92121
619/455-1500
FAX 619/535-2486

December 2,. 1991

Mr. John Grayson
Dectec International Inc.
1962 Mills Road
Sidney, British Columbia
Canada V8l 3S8

Dear Mr. Grayson:

I am in receipt of your letter dated November 13, 1991. Your letter indicates a fundamental lack of understanding of the gravity and nature of the lawsuit to which you are a party captioned Titan Linkabit Corporation et al. vs. S.E.E. SEE Electronic Engineering Inc. underway in the Federal Court of Canada. We believe that the lawsuit responds to your request in a clear and forthright manner. We therefore consider the matter closed.

Yours truly,

James F. Bunker

James F. Bunker
President

cc: Mortimer Freiheit, Esq.
Kenneth S. Boschwitz, Esq.

F

DECTEC Universal Teleport

Customer Authorization Adapted to HBI and Multi Channel Segmentation:

If 10 transponders carrying standard programming services were used:

Operational Principal

If a customer's serial number ends in "1", his unit is authorized on Channel One. If his unit serial number ends in "5," to continue this example, he would tune to Channel Five for his authorization. If on the wrong channel, the customer would be prompted by a friendly O.S.D. to go to the correct channel. Once on the correct channel, the customer would instantly be informed of the time to his authorization - exactly as illustrated in the single transponder DECTEC Universal Teleport application example.

Using 10 transponders in this manner,

ONE MILLION CUSTOMERS ARE AUTHORIZED IN 18 MINUTES!

If 24 Transponders were used:

One million customers are authorized in less than eight minutes!

This approach leaves each and every programmer free to authorize customers as they now normally do, to use the same equipment and procedures, yet have at their service a vastly superior S.U.N. Authorization System.